

AMENDED IN SENATE JUNE 14, 2004
AMENDED IN ASSEMBLY APRIL 29, 2003
AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1414

**Introduced by Assembly Member Levine
(Principal coauthor: Assembly Member Strickland)**

February 21, 2003

~~An act to amend Section 337i of the Penal Code, relating to gaming.~~
*An act to add Chapter 9.2 (commencing with Section 10890) to Part 2
of the Insurance Code, relating to health care.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1414, as amended, Levine. ~~Gaming: processing out-of-state wagers~~ *Discount health programs.*

Existing law provides for the licensure and regulation of health insurers by the Department of Insurance.

This bill would define a discount health program as a person or entity that operates a program that charges a consumer a fee for accessing providers and health care services and products at a discounted rate. The bill would establish certain requirements for the operation of these programs and would make a violation of these requirements a crime. The bill would make the Department of Insurance responsible for enforcement of the bill and would require it to charge programs a fee to cover those costs. The bill would require these fees to be deposited into the Discount Health Programs Fund which would be created by the

bill. The bill would require this revenue to be used by the department to carry out the bill, upon appropriation by the Legislature.

Because the bill makes a violation of its requirements a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~Existing law makes it a felony or misdemeanor to knowingly transmit information as to the progress or results of a horse race, or various other information relating to gambling events when such information is transmitted to or by a person or persons engaged in illegal gambling operations. However, that law states that it is not to be construed as prohibiting the printing or broadcasting of that information as news, or to place in jeopardy any common carrier or its agents performing operations within the scope of a public franchise, or any gambling operation authorized by law.~~

~~This bill would specify that the gambling operations authorized by law that are not to be construed to be prohibited by this law include advance deposit wagering.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 337i of the Penal Code is amended to~~
 2 *SECTION 1. Chapter 9.2 (commencing with Section 10890)*
 3 *is added to Part 2 of the Insurance Code, to read:*

4
 5 *CHAPTER 9.2. DISCOUNT HEALTH PROGRAMS*
 6

7 *10890. "Discount health program" means a person or entity*
 8 *that operates a program in this state that charges an individual*
 9 *consumer a membership or similar fee for access to, including, but*
 10 *not limited to, health care services or products and a list of*
 11 *providers at a discounted rate and requires the consumer to pay a*
 12 *provider directly for those services or products.*

1 10891. A discount health program shall not provide basic
2 health services as defined in Section 1345 of the Health and Safety
3 Code.

4 10892. A discount health program shall comply with all of the
5 following requirements:

6 (a) Register with the Department of Insurance.

7 (b) Identify on all materials provided to consumers that the
8 program is not health insurance.

9 (c) Include the consumer hotline number for the department on
10 all materials provided to consumers.

11 (d) Disclose the manner in which the discount it provides is
12 calculated and offer the consumer a copy of its fee schedule.

13 (e) Contract directly with each provider that provides a
14 discount under the program.

15 (f) Maintain a minimum of one business office in California.

16 10893. The department shall enforce the provisions of this
17 chapter and adopt regulations to develop the following and to
18 otherwise implement this chapter:

19 (a) A process and fees for a program to register with the
20 department that includes the requirements for the structure of the
21 program, including, but not limited to, a board of directors and
22 office locations.

23 (b) A process for a program to file all marketing materials with
24 the department.

25 (c) A process that a program is required to follow in providing
26 refunds to consumers.

27 10894. The department shall assess each discount health
28 program an annual fee in an amount that does not exceed the cost
29 of its regulatory activities. All fees received by the department shall
30 be paid into the State Treasury and credited to the Discount Health
31 Programs Fund which is hereby created. The revenue in this fund
32 shall be used by the department to carry out this chapter; upon
33 appropriation by the Legislature in the annual Budget Act.

34 10895. A violation of this chapter is a misdemeanor;
35 punishable by a fine not to exceed ten thousand dollars (\$10,000)
36 or by imprisonment in a county jail for not more than one year, or
37 by both that fine and imprisonment.

38 SEC. 2. No reimbursement is required by this act pursuant to
39 Section 6 of Article XIII B of the California Constitution because
40 the only costs that may be incurred by a local agency or school

1 *district will be incurred because this act creates a new crime or*
2 *infraction, eliminates a crime or infraction, or changes the penalty*
3 *for a crime or infraction, within the meaning of Section 17556 of*
4 *the Government Code, or changes the definition of a crime within*
5 *the meaning of Section 6 of Article XIII B of the California*
6 *Constitution.*

7 ~~read:~~

8 ~~337i.—Every person who knowingly transmits information as~~
9 ~~to the progress or results of a horse race, or information as to~~
10 ~~wagers, betting odds, changes in betting odds, post or off times,~~
11 ~~jockey or player changes in any contest or trial, or purported~~
12 ~~contest or trial, involving humans, beasts, or mechanical apparatus~~
13 ~~by any means whatsoever including, but not limited to telephone,~~
14 ~~telegraph, radio, and semaphore when such information is~~
15 ~~transmitted to or by a person or persons engaged in illegal~~
16 ~~gambling operations, is punishable by imprisonment in a county~~
17 ~~jail for a period of not more than one year or in the state prison.~~

18 ~~This section shall not be construed as prohibiting a newspaper~~
19 ~~from printing such results or information as news, or any television~~
20 ~~or radio station from telecasting or broadcasting such results or~~
21 ~~information as news. This section shall not be so construed as to~~
22 ~~place in jeopardy any common carrier or its agents performing~~
23 ~~operations within the scope of a public franchise, or any gambling~~
24 ~~operation authorized by law, including advance deposit wagering~~
25 ~~as provided in Section 19604 of the Business and Professions~~
26 ~~Code.~~